

STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

BILL HASLAM
GOVERNOR

220 French Landing Drive
Nashville, TN 37243-1002
(615) 741-6642

KARLA DAVIS
COMMISSIONER

August 14, 2011

James W. White, Executive Director
Fiscal Review Committee
320 6th Avenue North
8th Floor, Rachel Jackson Building
Nashville, TN 37243

REF: RFP3371069211 Overflow Call Center Services
Justification for amendment 3 with Faneuil, Inc.

Dear Mr. White:

Contract number FA1133739 is a result of a Request For Proposal process (RFP). The service acquired under the RFP is to service claimants routed from the overflow from the state's call center during high volume claim periods for unemployment insurance benefits.

The initial term of the contract was October 25, 2010 through April 26, 2011. In early February during evaluation of call volume and the continuing high unemployment rate a decision was made to increase the term of the contract by 12 months and the maximum liability by \$400,000.00. Again in June after analysis of the overflow call volume, it was determined that the maximum liability of the contract should be increased by \$750,000.00 to service the call volume through April of 2012.

Amendment 3 increases the maximum liability by \$500,000.00 and is necessary due to the delay in the scheduled implementation of the I 3 Call System. The System was scheduled to go live on September 27. Due to the concern that the implementation may not execute as planned, we determined it is in our best interest to have the current Call Center in full operation until all issues have been resolved.

It is necessary to maintain the overflow call center in order to eliminate the long wait by claimants or busy signal and provide them with correct information on the status of their claim.

I am requesting your approval of amendment 3 to the current contract number FA1133739.

Sincerely,


Karla Davis, Commissioner

KD: RJ: mho

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Melvin O'Neal	*Contact Phone:	615 532-1071
*Original Contract Number:	FA1133739	*Original RFS Number:	3371069211
Edison Contract Number: (if applicable)	23622	Edison RFS Number: (if applicable)	N/A
*Original Contract Begin Date:	10/25/2010	*Current End Date:	4/26/2012
Current Request Amendment Number: (if applicable)	3		
Proposed Amendment Effective Date: (if applicable)	10/01/2011		
*Department Submitting:	Labor and Workforce Development		
*Division:	Employment Security		
*Date Submitted:	9/14/2011		
*Submitted Within Sixty (60) days:	no		
If not, explain:	Delay in implementation of the I3 Call System		
*Contract Vendor Name:	Faneuil, Inc.		
*Current Maximum Liability:	2,947,120.00		
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)			
FY:2011	FY:12	FY:	FY:
\$1,797,120.00	\$1,150,000.00	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)			
FY:11	FY:12	FY:	FY:
\$1,806,042.24	\$847,589.76**	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		**Three invoices are currently in Edison for payment.	
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			
*Contract	State:	Federal:	

**Supplemental Documentation Required for
Fiscal Review Committee**

Funding Source/Amount:				DOL- Unemployment Insurance Admin. _10M
Interdepartmental:			Other:	
If "other" please define:				
Dates of All Previous Amendments or Revisions: (if applicable)		Brief Description of Actions in Previous Amendments or Revisions: (if applicable)		
Amendment 1 _ 3/11/2011		Increase the Max. Liability by 400,000.00 and Extend the end date by 12 months.		
Amendment 2 _ 9/01/2011		Increased Max. Lia. By 750,000.00		
Method of Original Award: (if applicable)		RFP		
*What were the projected costs of the service for the entire term of the contract prior to contract award?		3,000,000.00		

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
No changes to A or C.3.					

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

Rec # 3390
Voucher # 57232
FANEUIL
Rec # 500

FD 12869

Invoice Date: July 1, 2011
Invoice #: 20110630
Contract #: FA1133739
Edition #: 23622

PAID
9/13/11

Bill To:

TN Department of Labor and Workforce Development
Fiscal Services Division
220 French Landing Drive, A-4
Nashville, TN 37243

Customer Number: TN1133739

Remit Payment To:

Faneuil, Inc.
2 Eaton Street, Suite 1002
Hampton, VA 23669
FEIN # 04-3253864

Deana Driver, Controller
(757) 722-6319

Tennessee Department of Labor and Workforce Development

Employment Security Division

SUMMARY BILLING

For the Period Ending June 30, 2011

<u>Description</u>	<u>Quantity</u>	<u>Contract Rate</u>	<u>Amount</u>
Cost per Call Fees			
Call Center Incoming Calls, including after-call work Section C	55,256.00	5.76	318,274.56
			318,274.56
Invoice total			318,274.56
		Amount Due	\$ 318,274.56

**TDLWD
RECEIVED**

SEP 09 2011

**FISCAL SERVICES
NASHVILLE, TN**

Maria Mero
7/11/11

Thank you. Your business is appreciated.

Rec. 7/5/11
MMA

PLEASE: WP 10% SPECIAL PROJECTS MONEY.

LWP65 STATE FUND

12 FY11 maximum
240 Don
FY 12

Acct # 33393



Voucher # 87224

Invoice Date: September 6, 2011
Invoice #: 20110831
Contract #: FA1133739

PO 13956
PAID
9/13/11

Bill To:

TN Department of Labor and Workforce Development
Fiscal Services Division
220 French Landing Drive, A-4
Nashville, TN 37243

Customer Number: TN1133739

Remit Payment To:

Faneuil, Inc.
2 Eaton Street, Suite 1002
Hampton, VA 23669
FEIN # 04-3253864

Deana Driver, Controller
(757) 722-6319

Tennessee Department of Labor and Workforce Development

Employment Security Division

SUMMARY BILLING

For the Period Ending August 31, 2011

<u>Description</u>	<u>Quantity</u>	<u>Contract Rate</u>	<u>Amount</u>
Cost per Call Fees			
Call Center Incoming Calls, including after-call work Section C	47,145.00	5.76	271,555.20
			271,555.20
Invoice total			271,555.20
		Amount Due	\$ 271,555.20

Don't know
9-9-11

M. M...
9-8-11

Thank you. Your business is appreciated.

TDLWD
Daily Operations Report
Monthly Report
August 2011



Contract #: RFP 33710-68211

Date	Total Call Vol	Total Call Cost	Avg Call Cost	Open Call	Eng Ass	Open Ass	Total Call Ass	Busy Hour	Min Call	Total Short Call	Avg Call Ass	Avg Speed Ass	Abn %	Total Trans Call	Total Long Soc	ASA	SLA %	Avail %	ART	ATT	Avg Hold	ACW	Quality
08/01	4233	3885	3854	31	3578	29	3607	9:00	347	348	278	94	7.2%	1391	6	154	45.48%	83.36%	263	232	16	14	98.69%
08/02	2734	2636	2616	20	2547	18	2565	9:30	190	98	71	17	2.7%	1562	3	15	93.75%	79.65%	266	236	13	15	97.70%
08/03	1966	1887	1869	18	1829	14	1843	11:30	131	79	44	16	2.3%	1739	0	11	93.59%	77.58%	259	228	15	16	95.21%
08/04	1576	1495	1489	6	1447	6	1453	9:30	114	81	42	24	2.8%	1137	3	19	90.61%	76.05%	262	233	11	17	98.81%
08/05	1360	1319	1303	16	1273	14	1287	9:30	93	41	32	16	2.4%	445	0	13	94.12%	76.97%	269	238	12	18	92.77%
Weekly Totals	11869	11222	11131	91	10674	81	10765		175	647	467	63	3.9%	6274	12	61	76.13%	78.72%	283	233	14	16	96.64%
08/08	3865	3476	3439	37	3234	23	3257	8:30	276	189	219	64	6.3%	1446	0	107	61.15%	81.39%	274	245	14	15	91.39%
08/09	2443	2350	2326	24	2279	16	2295	10:00	166	93	55	10	2.3%	1340	0	11	93.78%	82.45%	269	240	16	13	90.87%
08/10	2024	1890	1869	21	1833	18	1851	9:30	132	134	39	20	2.1%	1054	0	14	90.07%	79.42%	258	233	12	13	98.15%
08/11	1479	1406	1394	12	1352	10	1362	10:30	99	73	44	24	3.1%	677	3	18	90.60%	79.61%	271	244	12	14	98.95%
08/12	1313	1263	1249	14	1227	13	1240	15:00	89	50	23	26	1.8%	535	0	12	94.21%	77.68%	262	236	11	14	98.61%
Weekly Totals	10924	10386	10277	108	8928	80	10006		182	639	360	46	3.6%	5052	3	44	81.76%	80.11%	268	240	14	14	96.69%
08/15	3855	3521	3495	28	3265	23	3278	8:30	331	334	243	73	6.9%	1800	2	132	57.54%	82.32%	289	240	14	15	99.43%
08/16	2630	2447	2431	16	2376	14	2390	9:00	190	83	57	17	2.3%	1423	1	14	94.07%	79.54%	252	227	11	14	93.64%
08/17	1960	1854	1836	18	1769	14	1783	10:00	130	106	71	38	3.8%	1047	1	28	87.70%	80.45%	252	224	13	15	
08/18	1591	1532	1519	13	1480	12	1492	12:00	104	59	40	12	2.6%	547	2	14	93.71%	78.75%	257	232	11	14	96.08%
08/19	1345	1234	1223	11	1194	10	1204	16:30	119	111	30	22	2.4%	436	0	22	87.73%	78.11%	267	240	10	16	
Weekly Totals	11281	10688	10604	84	10074	73	10147		176	683	441	61	3.9%	6263	6	66	79.67%	79.83%	260	233	12	16	96.39%
08/22	4331	3654	3601	53	3253	47	3300	8:30	415	677	364	109	9.7%	1772	2	217	28.95%	82.37%	284	235	13	16	87.83%
08/23	2558	2463	2429	34	2358	28	2386	8:00	199	95	77	17	3.1%	1641	0	12	93.08%	81.29%	280	233	11	15	95.31%
08/24	1850	1775	1755	20	1722	20	1742	10:00	128	75	33	12	1.9%	1202	1	12	93.62%	79.20%	257	229	13	15	99.35%
08/25	1429	1382	1372	10	1344	9	1353	8:30	119	47	29	28	2.1%	876	1	17	93.77%	76.68%	279	250	13	16	
08/26	1139	1103	1093	10	1074	9	1083	10:30	90	36	20	10	1.8%	439	0	10	94.82%	77.00%	265	239	11	14	99.01%
Weekly Totals	11307	10577	10280	127	9761	113	9864		190	930	613	81	4.6%	5930	4	81	66.67%	79.31%	284	236	12	16	97.87%
08/28	5022	3121	3067	54	2614	41	2655	8:00	468	1901	466	174	14.9%	1153	0	450	5.80%	83.50%	281	251	14	16	98.01%
08/30	2357	2284	2280	24	2135	23	2158	9:30	178	73	128	63	5.5%	970	2	93	72.85%	82.47%	268	236	14	17	
08/31	1743	1632	1609	23	1544	17	1561	9:00	132	111	71	64	4.4%	735	0	58	79.40%	77.46%	260	229	16	15	
Weekly Totals	9122	7037	6936	101	6293	81	6374		269	2085	663	141	7.3%	2858	2	233	37.08%	81.14%	271	240	16	18	98.01%
Report Totals	64603	49026	49006	811	46717	428	47146		194	4904	2464	83	4.6%	20387	27	54	66.90%	78.71%	265	235	17	20	96.1%

Acct# 33394



Under # 57234

PO 13956

PALF

9/15/11

Invoice Date: August 2, 2011
Invoice #: 20110731
Contract #: FA1133739

Bill To:
TN Department of Labor and Workforce Development
Fiscal Services Division
220 French Landing Drive, A-4
Nashville, TN 37243

Customer Number: TN1133739

Remit Payment To:
Faneuil, Inc.
2 Eaton Street, Suite 1002
Hampton, VA 23669
FEIN # 04-3253864

Deana Driver, Controller
(757) 722-6319

Tennessee Department of Labor and Workforce Development

Employment Security Division

SUMMARY BILLING

For the Period Ending July 31, 2011

<u>Description</u>	<u>Quantity</u>	<u>Contract Rate</u>	<u>Amount</u>
Cost per Call Fees			
Call Center Incoming Calls, including after-call work Section C	44,750.00	5.76	257,760.00
			257,760.00
Invoice total			257,760.00
		Amount Due	\$ 257,760.00

SEP 13 2011
FISCAL SERVICES
NASHVILLE, TN

Thank you. Your business is appreciated.

m. mero
8-31-11

8-31-11



2 Eaton Street
Suite 1002
Hampton, VA 23669

TDLWD Daily Operations Report Monthly Report July 2011



Contract #: RFP 33710-69211

Date	Total Call Vol	Total Calls Offer	Eng Offer	Span Offer	Eng Ans	Span Ans	Total Calls Ans	Busy Hour	Max Calls	Total Block Calls	Calls Aben	Avg Speed Aben	Aben %	Total Trans Calls	Total Lang Svc	ASA	SLA %	Avail %	AMT	ATT
07/01	1370	1341	1318	23	1291	17	1308	8:30	104	29	33	9	2.5%	599	3	8	95.47%	77.79%	281	249
Weekly																				
Totals	1370	1341	1318	23	1291	17	1308		104	29	33	9	2.5%	599	3	8	95.47%	77.79%	281	249
07/05	5104	4063	4014	49	3627	40	3667	9:00	406	1041	396	109	9.7%	1678	2	222	29.39%	83.95%	277	245
07/06	2951	2813	2787	26	2738	23	2761	9:00	188	138	52	16	1.8%	1433	0	16	93.53%	82.00%	265	234
07/07	2187	2089	2071	18	2033	17	2050	9:30	149	98	39	9	1.9%	1605	0	9	93.64%	79.72%	269	238
07/08	1826	1766	1742	24	1700	21	1721	15:00	118	60	45	24	2.5%	561	0	19	94.03%	78.85%	283	252
Weekly																				
Totals	12068	10731	10614	117	10098	101	10199		215	1337	532	86	5.0%	5277	2	89	66.50%	81.13%	273	242
07/11	4977	4026	3994	32	3571	23	3594	9:00	414	951	432	107	10.7%	1917	2	233	26.98%	85.43%	273	244
07/12	2937	2825	2808	17	2716	16	2732	8:00	198	112	93	24	3.3%	2448	0	24	91.05%	80.48%	268	239
07/13	2362	2251	2225	26	2174	23	2197	9:30	153	111	54	14	2.4%	1625	2	15	92.76%	80.39%	257	230
07/14	1722	1636	1620	16	1596	15	1611	10:30	120	86	25	16	1.5%	939	0	9	93.50%	79.78%	265	234
07/15	1599	1514	1503	11	1471	10	1481	12:00	108	85	33	17	2.2%	741	0	12	92.50%	79.04%	274	244
Weekly																				
Totals	13597	12252	12150	102	11528	87	11615		199	1345	637	79	5.2%	7670	4	83	68.38%	81.03%	268	239
07/18	4852	3900	3850	50	3495	31	3526	9:00	406	952	374	114	9.6%	1905	2	210	31.62%	83.03%	268	235
07/19	2751	2659	2629	30	2565	27	2592	10:00	190	92	67	20	2.5%	2573	0	16	93.68%	78.62%	260	231
07/20	2171	2067	2048	19	2000	16	2016	10:00	153	104	51	19	2.5%	1480	0	18	92.68%	80.64%	270	239
07/21	1787	1703	1692	11	1623	10	1633	13:00	110	84	70	54	4.1%	689	0	39	84.05%	79.35%	273	242
07/22	1423	1369	1358	11	1340	11	1351	12:00	105	54	18	12	1.3%	464	0	10	94.94%	76.57%	278	245
Weekly																				
Totals	12984	11698	11577	121	11023	95	11118		193	1286	580	85	5.0%	7111	2	80	69.13%	79.64%	268	237
07/25	4419	3670	3643	27	3314	20	3334	9:30	346	749	336	99	9.2%	1265	0	217	33.72%	82.67%	275	245
07/26	2609	2493	2478	15	2428	10	2438	8:30	182	116	55	15	2.2%	1836	0	11	93.37%	81.49%	263	237
07/27	2179	2050	2031	19	1980	15	1995	11:00	139	129	55	22	2.7%	943	0	19	91.14%	81.04%	251	220
07/28	1566	1491	1472	19	1453	14	1467	12:00	115	75	24	11	1.6%	605	0	11	93.49%	77.59%	264	234

07/29	1414	1307	1300	7	1269	7	1276	16:30	105	107	31	37	2.4%	434	0	29	86.42%	79.10%	267	235
Weekly																				
Totals	12187	11011	10924	87	10444	66	10510		177	1176	501	73	4.5%	5083	0	80	70.55%	80.38%	265	236
Report																				
Totals	52206	47033	46583	450	44384	366	44750		190	5173	2223	80	4.5%	25740	11	81	69.35%	80.38%	269	239



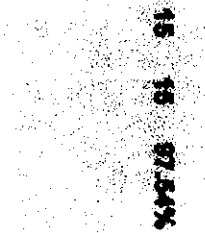
Avg ACW Quantity
Hold

16	15	96.62%
16	15	96.62%
16	15	98.46%
18	13	99.49%
18	13	98.57%
18	13	96.96%
17	14	98.37%
14	14	
15	14	
14	13	
17	14	
14	16	
15	15	
16	15	
14	14	97.91%
14	16	99.05%
15	15	97.05%
19	14	98.72%
16	16	98.18%
15	14	97.85%
13	13	96.90%
16	14	98.02%
14	16	94.30%

13 19 95.71%

14 15 96.56%

15 15 97.54%



Prod 20101105R5

Total P 7 LABOR AND WORKFORCE DEVELOPMENT

Unit	Voucher	Invoice	Remit Vndr	Name	Gross Amt	Reference	Pymnt Date	Recon	Reconcile	Warrant Amount	Method
33701	00036923	20101130	0000106811	Faneuil Inc	49230.720	0000670040	1/19/2011	REC	1/25/2011	49230.720	EFT
33701	00038116	20101231	0000106811	Faneuil Inc	346406.400	0000686545	2/2/2011	REC	2/22/2011	346406.400	EFT
33701	00039406	20110131	0000106811	Faneuil Inc	391178.880	0000705736	2/15/2011	REC	2/22/2011	391178.880	EFT
33701	00045109	20110331	0000106811	Faneuil Inc	243601.920	0000790606	4/20/2011	UNR		243601.920	EFT
33701	00048265	20110430	0000106811	Faneuil Inc	241925.760	0000839453	5/27/2011	UNR		241925.760	EFT
33701	00042027	20110228	0000106811	Faneuil Inc	264758.400	0000748468	3/21/2011	UNR		264758.400	EFT
33701	00049770	20110531	0000106811	Faneuil Inc	268940.160	0000860576	6/14/2011	UNR		268940.160	EFT
					1,806,042.24						

Edison Report # TN_AP103_ payments to a vendor by Vendor #
Run date 8/01/2011



CONTRACT AMENDMENT

Agency Tracking # 33710-69211	Edison ID 23622	Contract # FA1133739	Amendment # 3		
Contractor Legal Entity Name FANEUIL, INC.			Edison Vendor ID 106811		
Amendment Purpose & Effect(s) To increase the maximum liability					
Amendment Changes Contract End Date: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		End Date: 4/26/2012			
Amount of the TOTAL Contract Amount INCREASE or DECREASE per this Amendment:			\$ 500,000.00		
Funding ---					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
11		1,797,120.00			1,797,120.00
12		1,650,000.00			1,650,000.00
TOTAL:		3,447,120.00			3,447,120.00
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.			OCR USE		
Speed Chart (optional)		Account Code (optional) 70803000			

**AMENDMENT THREE
OF CONTRACT FA1133739**

This Amendment is made and entered by and between the State of Tennessee, Department of Labor and Workforce Development, hereinafter referred to as the "State" and Faneuil, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. Contract section C.1. is deleted in its entirety and replaced with the following:
 - C.1. **Maximum Liability.** In no event shall the maximum liability of the State under this Contract exceed three million four hundred forty seven thousand one hundred twenty dollars (\$3,447,120.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The revisions set forth herein shall be effective on the date of final approval by all appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury). All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

FANEUIL, INC.:

SIGNATURE

DATE

Anna M. Van Buren, President and CEO

PRINTED NAME AND TITLE OF SIGNATORY (above)

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT:

Karla Davis, Commissioner

DATE



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Sen. Bill Ketron, Chairman

Senators

Douglas Henry Reginald Tate
Brian Kelsey Ken Yager
Eric Stewart
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*



Rep. Curtis Johnson, Vice-Chairman

Representatives

Tommie Brown David Shepard
Jim Coley Tony Shipley
Charles Curtiss Curry Todd
Johnny Shaw Mark White
Charles Sargent, *ex officio*
Speaker Beth Harwell, *ex officio*

M E M O R A N D U M

TO: The Honorable Mark Emkes, Commissioner
 Department of Finance and Administration

FROM: Bill Ketron, Chairman, Fiscal Review Committee 
 Curtis Johnson, Vice-Chairman, Fiscal Review Committee 

DATE: August 24, 2011

SUBJECT: **Contract Comments**
 (Fiscal Review Committee Meeting 8/23/11)

RFS# 337.10-69211 (Edison # 23622)

Department: Labor & Workforce Development

Vendor: Faneuil, Inc.

Summary: The vendor provides overflow call center services during high volume claim periods for the State's unemployment benefits. The proposed amendment increases the maximum liability by \$750,000.

Current maximum liability: \$2,197,120

Proposed maximum liability: \$2,947,120

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: The Honorable Karla Davis, Commissioner
 Ms. Jessica Robertson, Chief Procurement Officer
 Mr. Robert Barlow, Director, Office of Contracts Review



**STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT**

**BILL HASLAM
GOVERNOR**

**220 French Landing Drive
Nashville, TN 37243-1002
(615) 741-6642**

**KARLA DAVIS
COMMISSIONER**

August 3, 2011

James W. White, Executive Director
Fiscal Review Committee
320 6th Avenue North
8th Floor, Rachel Jackson Building
Nashville, TN 37243

REF: RFP3371069211 Overflow Call Center Services
Justification for amendment 2 with Faneuil, Inc.

Dear Mr. White:

Contract number FA1133739 is a result of a Request For Proposal process (RFP). The service acquired under the RFP is to service claimants routed from the overflow from the state's call center during high volume claim periods for unemployment insurance benefits.

The initial term of the contract was October 25, 2010 through April 26, 2011. In early February during evaluation of call volume and the continuing high unemployment rate a decision was made to increase the term of the contract by 12 months and the maximum liability by \$400,000.00. Again in June after analysis of the overflow call volume, it was determined that the maximum liability of the contract should be increased by \$750,000.00 to service the call volume through April of 2012.

It is necessary to maintain the overflow call center in order to eliminate the long wait by claimants or busy signal and provide them with correct information on the status of their claim.

I am requesting your approval of amendment 2 to the current contract number FA1133739.

Sincerely,

A handwritten signature in cursive script that reads "Karla Davis".

Karla Davis, Commissioner

KD: R.J: mho

**Supplemental Documentation Required for
Fiscal Review Committee**

*Contact Name:	Melvin O'Neal	*Contact Phone:	615 532-1071
*Original Contract Number:	FA1133739	*Original RFS Number:	3371069211
Edison Contract Number: (if applicable)	23622	Edison RFS Number: (if applicable)	N/A
*Original Contract Begin Date:	10/25/2010	*Current End Date:	4/26/2012
Current Request Amendment Number: (if applicable)	2		
Proposed Amendment Effective Date: (if applicable)	8/01/2011		
*Department Submitting:	Labor and Workforce Development		
*Division:	Employment Security		
*Date Submitted:	8/10/11		
*Submitted Within Sixty (60) days:	no		
If not, explain:	Unaware an RFP required submittal to the FRC for approval.		
*Contract Vendor Name:	Faneuil, Inc.		
*Current Maximum Liability:	2,197,120.00		
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)			
FY:2011	FY:12	FY:	FY:
\$1,797,120.00	\$400,000.00	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)			
FY:11	FY:12	FY:	FY:
\$1,806,042.24	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		Expenditures are still occurring.	
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			
*Contract	State:	Federal:	

Supplemental Documentation Required for
Fiscal Review Committee

Funding Source/Amount:				DOL- Unemployment Insurance Admin. _10M
Interdepartmental:			Other:	
If "other" please define:				
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>		
Amendment 1 _ 3/11/2011		Increase the Max. Liability by 400,000.00 and Extend the end date by 12 months.		
Method of Original Award: <i>(if applicable)</i>			RFP	
*What were the projected costs of the service for the entire term of the contract prior to contract award?			3,000,000.00	

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
No changes to A or C.3.					

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:


Total P 7 **LABOR AND WORKFORCE DEVELOPMENT**

Unit	Voucher	Invoice	Remit Vndr	Name	Gross Amt	Reference	Pymnt Date	Recon	Reconcile	Warrant Amount	Method
33701	00036923	20101130	0000106811	Faneuil Inc	49230.720	0000670040	1/19/2011	REC	1/25/2011	49230.720	EFT
33701	00038116	20101231	0000106811	Faneuil Inc	346406.400	0000686545	2/2/2011	REC	2/22/2011	346406.400	EFT
33701	00039406	20110131	0000106811	Faneuil Inc	391178.880	0000705736	2/15/2011	REC	2/22/2011	391178.880	EFT
33701	00045109	20110331	0000106811	Faneuil Inc	243601.920	0000790606	4/20/2011	UNR		243601.920	EFT
33701	00048265	20110430	0000106811	Faneuil Inc	241925.760	0000839453	5/27/2011	UNR		241925.760	EFT
33701	00042027	20110228	0000106811	Faneuil Inc	264758.400	0000748468	3/21/2011	UNR		264758.400	EFT
33701	00049770	20110531	0000106811	Faneuil Inc	268940.160	0000860576	6/14/2011	UNR		268940.160	EFT
					1,806,042.24						

Edison Report # TN_AP103_ payments to a vendor by Vendor #
Run date 8/01/2011



CONTRACT AMENDMENT

Agency Tracking # 33710-69211	Edison ID 23622	Contract # FA1133739	Amendment # 2		
Contractor Legal Entity Name FANEUIL, INC.			Edison Vendor ID 106811		
Amendment Purpose & Effect(s) To increase the maximum liability					
Amendment Changes Contract End Date: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		End Date: 4/26/2012			
Amount of the TOTAL Contract Amount INCREASE or DECREASE per this Amendment:			\$ 750,000.00		
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
11		1,797,120.00			1,797,120.00
12		1,150,000.00			1,150,000.00
TOTAL:		2,947,120.00			2,947,120.00
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations. 			OCR USE		
Speed Chart (optional)		Account Code (optional) 70803000			

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JUL 01 2011
FISCAL SERVICES
NASHVILLE, TN

**AMENDMENT TWO
OF CONTRACT FA1133739**

This Amendment is made and entered by and between the State of Tennessee, Department of Labor and Workforce Development, hereinafter referred to as the "State" and Faneuil, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

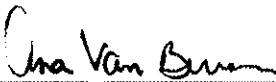
1. Contract section C.1. is deleted in its entirety and replaced with the following:
 - C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed two million nine hundred forty seven thousand one hundred twenty dollars (\$2,947,120.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The revisions set forth herein shall be effective on the date of final approval by all appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury). All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

FANEUIL, INC.:



SIGNATURE

6/30/11

DATE

Anna M. Van Buren, President and CEO

PRINTED NAME AND TITLE OF SIGNATORY (above)

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT:



Karla Davis, Commissioner

TDLWD
RECEIVED

7/8/11


DATE

JUL 01 2011

FISCAL SERVICES
NASHVILLE, TN



CONTRACT AMENDMENT

Agency Tracking # 33710-69211	Edison ID 23622	Contract # FA1133739	Amendment # 1		
Contractor Legal Entity Name Faneuil, Inc.			Edison Vendor ID 106811		
Amendment Purpose & Effect(s) Increase the Contract Term and Maximum Liability			FEIN or SSN (optional) 043253864		
Amendment Changes Contract End Date: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		End Date: 4/26/2012			
Maximum Liability (TOTAL Contract Amount) Increase/Decrease per this Amendment:			Increase \$400,000.00		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
11		1,797,120.00			1,797,120.00
12		400,000.00			400,000.00
TOTAL:		2,197,120.00			2,197,120.00
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
<p>Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.</p> <p><i>Harold Shuckelford mto</i></p>					
Speed Code (optional)		Account Code (optional) 70803000			
 Secured Document # FA1133739-01					

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MAR 23 2011

PISCAL SERVICES
NASHVILLE, TN

**AMENDMENT ONE
OF CONTRACT FA1133739**

This Amendment is made and entered by and between the State of Tennessee, Department of Labor and Workforce Development, hereinafter referred to as the "State" and Faneuil, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. Contract section B.1. is deleted in its entirety and replaced with the following:
2. B.1 This Contract shall be effective for the period beginning 10/25/2010, and ending on 4/26/2012. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.
3. Contract section C.1. is deleted in its entirety and replaced with the following:
4. C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed two million one hundred ninety seven thousand one hundred twenty dollars (\$2,197,120.00). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The revisions set forth herein shall be effective on the date of final approval by all appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

IN WITNESS WHEREOF,

FANEUIL, INC.:



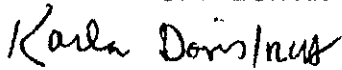
SIGNATURE

3/22/11
DATE

Anna M. Van Buren, President and CEO

PRINTED NAME AND TITLE OF SIGNATORY (above)

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT:



Karla Davis, Commissioner

3/23/11
Date

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MAR 23 2011

FISCAL SERVICES
NASHVILLE, TN



CONTRACT

(fee-for-service contract with an individual, business, non-profit, or governmental entity of another state)

Begin Date October 25, 2010	End Date April 26, 2011	Agency Tracking # 33710-69211	Edison ID 23622
Contractor Legal Entity Name Faneuil, Inc.			Registration ID 106811
Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor		CFDA # N/A	FEIN or SSN 04-3253864

Service Caption (one line only)

Overflow call center services during high-volume claim period for unemployment insurance benefits.

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2011				1,797,120.00	1,797,120.00
TOTAL:				1,797,120.00	1,797,120.00

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ NO

Ownership/Control

☐ African American ☐ Asian ☐ Hispanic ☐ Native American ☐ Female
☐ Person w/Disability ☐ Small Business ☐ Government ☒ NOT Minority/Disadvantaged
☐ Other:

Selection Method & Process Summary (mark the correct response to confirm the associated summary)

- ☒ RFP The procurement process was completed in accordance with the approved RFP document and associated regulations.
- ☐ Competitive Negotiation The predefined, competitive, impartial, negotiation process was completed in accordance with the associated, approved procedures and evaluation criteria.
- ☐ Alternative Competitive Method The predefined, competitive, impartial, procurement process was completed in accordance with the associated, approved procedures and evaluation criteria.
- ☐ Non-Competitive Negotiation The non-competitive contractor selection was completed as approved, and the procurement process included a negotiation of best possible terms & price.
- ☐ Other The contractor selection was directed by law, court order, settlement agreement, or resulted from the state making the same agreement with all interested parties or all parties in a predetermined "class."

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

Harold Shackelford

M. J. [Signature]
F&A Secured Document

Speed Code **Account Code** 70803000

FA1133739

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
AND
FANEUIL, INC.**

This Contract, by and between the State of Tennessee, Department of Labor and Workforce Development, hereinafter referred to as the "State" and Faneuil, Inc., hereinafter referred to as the "Contractor," is for the provision of call center services to take overflow calls during temporary, high-volume period, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit corporation.

Contractor Federal Employer Identification or Social Security Number: 04-3253864

Contractor Place of Incorporation or Organization: Delaware

A. SCOPE OF SERVICES:

Contractor Responsibilities

Service Requirements

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.
- A.2. The Contractor shall perform call center operations in response to general inquiries concerning unemployment insurance benefits, which may include, but not be limited to, the following:
- a. adhere to agency policy to verify claimant identity - Identity Verification Check List (IVCL);
 - b. access Claim Center software system and document notes about call;
 - c. reset claimant PIN;
 - d. update claimant address in system;
 - e. inform claimant of appeal rights, communicate process to file an appeal, lookup status of an appeal in system and communicate to claimant;
 - f. lookup status of a claim in system and communicate to claimant;
 - g. enter required data in system to reissue claimant check;
 - h. inform claimant of process for handling lost checks;
 - i. lookup status of a check in system and communicate to claimant;
 - j. provide address to initiate lost check process;
 - k. report system problems received from claimants with Tennessee Internet Processing System (TIPS);
 - l. lookup and communicate tax withholding status and record tax withholding changes;
 - m. record dependent allowance;
 - n. communicate job service office location;
 - o. lookup overpayment information in system and communicate to claimant;
 - p. communicate referral phone numbers for specialized agency unit to caller; and
 - q. correct erroneous entries in TIPS.

Setup Requirements

- A3. Customer Service Representatives (CSRs) shall refer or transfer calls that relate to the unemployment program but that are unrelated to the Contractor's scope of responsibilities to the State for handling. The Contractor shall be responsible for implementing the capacity to transfer calls back to the State. The type of calls to be transferred to the State will be provided by the State to the Contractor by the contract start date.
- A.4. The Contractor shall provide all facilities, building security, space, staff, equipment (including, but not limited to, computers, high-speed copiers and headsets), software, furniture, supplies, utilities,

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**FISCAL SERVICES
NASHVILLE, TN**

maintenance and other support needed to operate a call center and to deliver the services specified in this contract.

- A.5. The Contractor shall provide office space, furniture, utilities, equipment (including, but not limited to, computers, high-speed copiers), supplies, and janitorial support for State lead worker(s) assigned to the Contractor's facilities. The Contractor shall provide one (1) dedicated, private office for State staff for the duration of the contract.
- A.6. The Contractor shall provide all work under this contract from the Contractor's call center facility. The call center, CSRs, and CSR supervisors and managers must be located in middle TN within a 45-mile radius of the Nashville Office of the TN Department of Labor and Workforce Development, located at 220 French Landing Drive, Nashville, TN 37243. Any change in location or any additional locations planned by the Contractor during the contract period shall require pre-approval by the State. Requests shall be submitted by e-mail or United States Postal Service (USPS) mail with sufficient detail explaining the need for the change, the planned date, and location and must be submitted no later than sixty (60) calendar days before the planned change or addition.
- A.7. The Contractor shall notify the State immediately of any problems with telephone lines, telephone equipment, computer systems, computer equipment, staff shortages or any other interruption in the ability to provide contracted services.
- A.8. The Contractor shall provide an organizational structure chart for the call center to demonstrate that there will be adequate management and/or support personnel to monitor CSRs, to ensure all calls are answered in accordance with protocols, and to perform quality control in the completion of required activities. The Contractor shall provide a Quality Assurance Plan describing what quality assurance practices will be used to ensure contract requirements are met effectively and efficiently and quality service is provided.
- A.9. The Contractor shall ensure that the call center is fully staffed, CSRs have completed State-training with sufficient competency to perform job tasks of CSR, as determined by the State, and the call center is operational within one month after the contract start date. A maximum of 50 CSRs can be trained by the State in two concurrent training sessions consisting of a maximum of 25 CSR trainees in each session. These trainees shall be available for training two weeks from the contract start date. Each training sessions has a two-week duration. The Contractor shall provide a training facility and equipment for State-provided training for 25 CSR trainees that is operational and available for training two weeks from the contract start date. Subsequent training classes shall be scheduled until all CSRs are trained.
- A.10. The Contractor shall provide training materials and trainers to include:
 - a. agent orientation
 - b. customer service soft skills
 - c. automated call distributor (ACD) and other call center applications
 - d. call center processes
 - e. security policies and processes
- A.11. The Contractor shall ensure CSRs are qualified, speak clearly and proficiently, accurately read and interpret unemployment claim history files, accurately document calls and services in claimant history files via data entry, and route calls that cannot be handled by the Contractor to the State for assistance. CSRs shall conduct themselves in a polite, respectful, professional manner and with attention to detail, in order to create a positive customer service environment. At the request of the State, the Contractor shall remove a CSR from service to the State under this Contract.
- A.12. All CSRs and their supervisors/managers must be located at the call center. All contractor staff shall sign the Confidentiality Agreement in Contract Attachment D, acknowledging their understanding of and agreement to comply with confidentiality requirements in this contract.

- A.13. The Contractor shall notify the State of any proposed changes to key operations staff. The Contractor shall notify and obtain written approval from the State of the proposed substitution as soon as possible, but no less than five (5) business days prior to the change. Written documentation shall include documentation of the circumstances requiring the change in sufficient detail to permit evaluation on the impact to project implementation or service delivery.

Performance Requirements

- A.14. The Contractor shall staff the Contractor's call center to achieve service levels and other performance metrics as specified in this contract. The Contractor shall provide a sufficient number of skilled CSR's who are available to process approximately 2,000 unemployment calls per day received by the Contractor and/or returned from the Contractor to the claimant from 7:00 a.m. to 7:00 p.m. CST/CDT, Monday through Saturday, including State of Tennessee approved holidays and State declared emergencies or disasters, as directed by the State. Additionally, the parties recognize and agree that, from time to time, the Employment Security Combined Online Technology (ESCOT), the State's unemployment insurance mainframe system, is "down" and not available for access. Most of these instances occur on Saturdays and are advanced scheduled events for maintenance purposes. The State shall notify Contractor of these dates and of such other instances in which the services of the CSR's are not needed. The aforementioned estimate of calls will be disproportionately front-loaded in the week. Depending on workload demands, the State reserves the right to increase or decrease the number of calls above or below the estimate above without limitations or modify the types of calls processed by the Contractor within the requirements of applicable state and federal law and this contract. No CSR shall transfer any out-of scope call to the State when State offices are closed and personnel are not available to receive the transferred call. CSRs can only transfer calls to the State's queue if approved by the State supervisor assigned to work at the Contractor's call center.
- A.15. The Contractor shall ensure service is provided within the following quality standards:
- (1) The average speed to answer incoming calls shall meet the following: 5 minutes wait time allowed two weeks after training is completed; 4 minutes wait time allowed four weeks after training is completed; 3 minutes wait time, calculated monthly, allowed six weeks after training is completed and thereafter.
 - (2) The call abandonment rate shall not exceed 5% of the monthly volume. Calls abandoned in less than 30 seconds after entering the queue shall not be counted in the abandonment rate.
 - (3) All CSRs shall be available to take calls 90% of their working day.
 - (4) Based on the best data available, the State estimates average talk time at full implementation to be approximately seven (7) minutes with three (3) calls in queue per CSR. Typically, there will be one (1) to three (3) minutes of after call work being required on twenty percent (20%) or less of calls for an average after call work time of sixty (60) seconds. The average handling time per call varies significantly depending on the nature of the call.
- A.16. In the event that the weekly call volume fluctuates by ten percent (10%) or more for two consecutive weeks, the State has the right to require the Contractor use its best efforts to accordingly modify the Call Center business hours and/or staffing requirements as set forth herein to reflect such fluctuation.
- A.17. If the Contractor must hire additional CSRs for this call center, the Contractor shall place a job order at the Department of Labor and Workforce Development, Employment Security Division, Career Center in Nashville with a reasonable attempt to staff these CSR positions by hiring unemployed residents of the State of Tennessee. The Contractor shall hire residents of the State of TN to fill open CSR positions for this call center.

CSR Requirements

- A.18. The term "CSR" shall be used to represent all contractor employees that perform work for the State to meet the requirements of this contract. CSRs shall not provide services to relatives. A relative means any of the following related to the CSR by blood, marriage, or adoption: spouse, children, parents, grandparents, sisters, brothers, grandchildren, aunts, uncles, nieces, nephews, first cousins, in-laws, and step relatives. The Contractor will provide a process so a CSR can transfer any call from a relative to a supervisor for further processing.
- A.19. CSRs shall be able to deal with difficult callers that are emotional and angry. The CSRs shall be able to follow and adhere to training instructions for communication with claimants while being courteous and professional.
- A.20. CSRs shall not be permitted to use personal cell phones, iPods, personal laptop computers, BlackBerries or any other such similar devices for personal calls, text messaging or any other such personal use or entertainment during call center work hours.
- A.21. The Contractor shall provide a facility which complies with the security and confidentiality requirements of the State.
- A.22. The Contractor shall provide physical access to the Contractor's facilities for all State staff working on the Contractor's site as required to fulfill the requirements of this contract.
- A.23. The Contractor shall make reasonable efforts to cooperate with the State and/or designated Contractors to ensure that State mainframe connectivity and telephone transfers are available, operational, and maintained. Translation and document destruction services shall be available as needed. The Third Party Network Connection Agreement in Contract Attachment C shall be signed by the Contractor.
- A.24. The Contractor's call center environment shall be dedicated for this program and shall not be shared with other programs without the expressed written consent of the State.
- A.25. For all calls that require the aid of an interpreter in order to communicate with the claimant, the Contractor shall use the interpretation service company then under contract with the State of Tennessee as directed by the State. The State shall bear the expense of such interpretation services. Whenever possible, the Contractor shall service callers in English and Spanish, as necessary. Callers who do not speak English shall be served with the same accuracy and efficiency as English-speaking callers.
- A.26. CSRs shall not provide callers with advice or speculate about future benefits or legislation. The CSRs shall not discuss their personal opinions with the callers.

Hardware and Software Requirements

- A.27. The Contractor shall use a telephone system that has the capacity to process both incoming and outgoing calls, as well as the ability to transfer calls, regardless of carrier.
- A.28. The telephone system shall have the ability to route calls to specific queues, such as an automatic call distribution system with skills-based routing and queuing, monitoring and reporting.
- A.29. The Contractor shall only use prerecorded messages provided by the State while caller is in queue waiting for services.
- A.30. The telephone system shall be able to track call statistics including number of calls answered for the State, average talk time, and the number of calls abandoned.
- A.31. The Contractor shall utilize a basic queuing mechanism to route callers to the appropriate CSR but cannot rely on automated systems, such as interactive voice response to respond to caller's questions. Calls shall be handled by live CSRs.

- A.32. The telephone system shall provide the expected wait time to each inbound caller while waiting in the queue.
- A.33. The Contractor shall use an information technology system that ensures reliable and high quality customer service and will, at a minimum, satisfy the following requirements:
- a. The Contractor shall have the ability to communicate with the State electronically, including sending and receiving email and receiving files in the software package compatible with the State. All email shall be encrypted.
 - b. The Contractor shall provide staff with the ability to accept, display, maintain, and recall all information gathered during all consumer contacts.
 - c. The CSRs must have computers that display the following resources: protocols (training instructions on how to answer specific questions); county resources; county claim center and career center locations and phone numbers.
 - d. The Contractor shall have the ability to store and generate data on a weekly, monthly, annual and ad hoc basis.
- A.34. The Contractor shall assist with all network and telecommunications configurations within the Agency's call center and IT environment, as required, to transfer overflow calls to the Contractor's call center. The Contractor may be required to accept calls directly from a toll free number.

Security of Information

- A.35. All caller information, both formal and informal, shall be treated as confidential and shall not be shared in any medium with anyone other than designated individuals at the TN Department of Labor and Workforce Development.
- A.36. The Contractor shall ensure that any confidential information sent by electronic mail (email), will be encrypted, including but not limited to email exchanged with the State. The State's preferred encryption for electronic mail is TLS/SSL.
- A.37. The Contractor shall ensure that any confidential unemployment information received under this contract will not be stored on any portable storage media or peripheral devices (e.g. laptops, thumb drives, hard drives, etc.) capable of storing the information.
- A.38. The Contractor shall ensure that all employees exposed to confidential State information while providing services under this contract, will read and sign the State of Tennessee Acceptable Use Policy. The Contractor shall ensure all employees working on this project strictly adhere to the confidentiality and security provisions specified in the Acceptable Use Policy in Contract Attachment B.
- A.39. The Contractor shall promptly place all confidential information obtained from the State under this contract and in the temporary possession of the Contractor, its employees, agents, or subcontractors, in bins provided by the State, when the information is no longer needed and no later than the contract end date. This includes, but is not limited to, information containing individual identifiers. This confidential information shall be destroyed by the state.
- A.40. Any known or suspected breach of security related to confidential information shall be immediately reported to the State verbally and in writing within twenty-four (24) hours of the breach. The contractor shall work with the State in the event of a breach of security concerning confidential personal information in the Contractor's possession and caused by the Contractor or its employees, agents, or subcontractors, including but not limited to, providing notification to affected persons.
- A.41. The Contractor shall immediately notify the State verbally and in writing within twenty-four (24) hours if any data in the Contractor's possession related to this contract is subpoenaed or

improperly used, copied, or removed (except in the ordinary course of business) by anyone except an authorized representative of the State. The Contractor shall cooperate with the State in taking all steps as the State deems advisable to prevent misuse, regain possession, and/or otherwise protect the State's rights and the data subject's privacy. Contractor understands and agrees that all information to which it may receive access from the State is owned by the State and that any and all requests from third parties for such information, including but not limited to subpoenas, shall be referred to the Special Services Unit of the State.

- A.42. The Contractor shall notify the State when a CSR no longer needs access to the State's computer systems. This notification should occur no later than the end of the business day that it is determined that access is no longer needed.
- A.43. The Contractor shall ensure that all data devices subject to transfer or reuse during or after contract termination will be sanitized in accordance with the State of Tennessee's media reuse procedures. Media assets that are not subject to transfer or reuse must be destroyed in accordance with the State of Tennessee's media disposal procedures or in accordance with superseding State or Federal requirements.

Operations and Reporting

- A.44. The Contractor shall evaluate employee's telephone performance. At minimum, the Contractor shall conduct weekly monitoring of telephone calls for each employee to ensure that the information provided is correct and in accordance to protocols and the expected quality of customer service is provided. The results shall be available to the State upon request. The State shall conduct random performance, telephone, personnel audits and ad hoc evaluations to evaluate telephone performance of CSRs. The Contractor shall provide accessibility to the call center equipment to designated State staff upon request to conduct random audits.
 - a. CSRs general call process
 - b. CSRs customer service skills
 - c. CSRs call and data documentation
 - d. Accuracy of information given during telephone calls
 - e. Performance Metrics
- A.45. The Contractor shall transmit data and reports electronically to the State in a format that is compatible with the State. The Contractor shall provide the following reports to the State:
 - a. **Weekly Detail/Summary Report.** This report will contain the following information: a narrative summary of the week's events; a list of any complaints received; a list of any reported inaccurate information given to callers, along with an indication of the action taken to rectify the situation; the status of any training provided to Contractor staff; a call center activity report that lists all of the call center's statistics, based on performance metrics (number of calls answered, average talk time, number of calls abandoned); staff schedule to demonstrate adequate staffing throughout the day; a busy hour report that lists the number of calls received per hour per day and a cumulative percentage of calls received by hour; and an activity summary that lists the number of calls received by the nature of the call. The Contractor shall document any issues or extenuating circumstances that may have impacted their performance and submit this report to the state.
 - b. **Ad-Hoc Reporting.** The Contractor shall provide the State with ad-hoc reports, as requested, within a time limit established by the State.
 - c. The Contractor shall provide an audit report that provides an audit trail of the calls received and return calls for each CSR to include phone number, date, time and duration of each call.
 - d. The Contractor shall provide a report of calls transferred to the state queue upon request.
 - e. **Operations Reporting.** The Contractor shall:

- (1) Provide remote management console access for State staff for real-time statistical and historical reporting (up to five (5) licenses).
- (2) Provide capability to report volume of calls for each CSR by call type using a unique activity code for each type of call and provide call detail reporting.
- (3) At a minimum, provide the following call center metrics in operations reports. These reports shall be provided as requested by the State on a daily, weekly, and/or monthly basis. The design and content of reports shall be developed in conjunction with the State. Report designs for all phases shall be reviewed and approved by the State during the implementation phase.
- (4) Provide an executive-level graphical, summary dashboard report. The design and frequency shall be developed in conjunction with the State. All report designs shall be reviewed and approved by the State during the implementation phase. The executive report shall include operational metrics as identified in (3) above and performance metrics defined in this contract.

f. Quality Reporting. The Contractor shall:

- (1) Adhere to all applicable state and federal law regarding the recording of customer calls.
- (2) Use call recording for quality purposes only. Therefore, one hundred percent (100%) call recording is not required.
- (3) Deliver call center services to the service levels specified in this contract.
- (4) Implement an on-going quality monitoring and quality improvement process within the Contractor's call center. The Contractor's quality program shall be reviewed and approved by the State during the Implementation Phase. Results of the Contractor's quality program and corrective actions taken shall be reported monthly.
- (5) Work cooperatively with the State during the implementation phase to develop a call monitoring and scoring process and set up supporting tools to be used by the Contractor and State quality staff.
- (6) Provide State remote access for real-time call monitoring (up to three (3) licenses).
- (7) Provide State remote access for recorded call monitoring (up to three (3) licenses).

g. Other Reports. The Contractor shall provide other reports as deemed necessary by the State.

- A.46. The Contractor shall meet with State staff, as requested by the State. This Contractor shall be prepared to discuss items including, but not be limited to, performance relating to metrics, staffing, and open issues.
- A.47. The Contractor shall be licensed and qualified to do business in the State of Tennessee.
- A.48. The Contractor shall print and organize in binders the training materials provided by the State for the Contractor CSRs prior to training.
- A.49. The Contractor shall develop and maintain a current Continuity of Operations and Disaster Recovery Plan approved by the State to ensure uninterrupted services are provided. This plan shall be submitted to the State within thirty (30) calendar days of the contract start date. At a minimum, the plan shall contain provisions for pre-disaster records protection and an alternative recovery plan that will allow the Contractor to continue functioning in compliance with the contract in the event of an actual emergency.
- A.50. In the event that this contract ends or is terminated and responsibilities are transferred to another service provider, the Contractor agrees to cooperate with the State and the other service provider to ensure the orderly transfer of the services provided by the Contractor.
- A.51. Unless otherwise authorized in writing by the State, the Contractor shall ensure that all employees accessing confidential State information while providing services under this contract are physically separated from other contractor staff and other individuals that have access to the secured area to prevent accidental viewing of confidential information by unauthorized persons.

State Responsibilities

- A.52. The State shall assist in the configuration of a Virtual Private Network (VPN) to be used by the Contractor to access state-provided applications.
- A.53. The State shall make reasonable efforts to cooperate with the Contractor to provide technical assistance to ensure required mainframe connectivity, telephone transfers, training, translation services, and technical assistance, as needed, to help maintain the Contractor's compliance with the requirements of the contract.
- A.54. The State's call center environment shall be configured to receive calls transferred back from the Contractor to the State for out-of-scope calls.
- A.55. The State shall provide a project manager to be the primary contact for the Contractor.
- A.56. The State shall provide experienced, lead workers to work on site at the Contractor's call center facilities on a full-time basis during the contract period to provide assistance, on-the-job training, and to field questions. The State and the Contractor shall mutually determine the number of lead workers required and the duration they are required. The State shall provide a minimum of one (1) lead worker for every twenty-five (25) contracted employees handling calls under this contract. Within the first six weeks of the contract, the State may provide additional lead workers. These lead workers shall provide unemployment compensation training, assist with issues and questions and help the Contractor resolve mainframe, Interactive Voice Response (IVR), or system access requirements.
- A.57. The State shall provide telephone numbers and other information to support the transfer of calls to the State for out of scope calls received by the Contractor.
- A.58. The State shall provide training for CSRs in the Contractor's designated training facility and/or in a facility provided by the State, as determined by the State. Initial training shall be provided for 25 CSRs to begin fourteen (14) calendar days from the contract start date. The training period is two (2) weeks in duration. Subsequent training sessions shall be scheduled, as mutually agreed by the State and the Contractor, to ensure that all CSRs that perform work under this contract receive two-week training course provided by the State. The State shall provide training materials in electronic format to the Contractor.
- A.59. The State shall provide the following training to contractor staff:
 - a. unemployment claims compensation training
 - b. state-mandated policies and processes
 - c. training on the mainframe application
 - d. training on other state-provided applications
 - e. security training
 - f. additional support for security training may be provided by the State, if requested by the Contractor
- A.60. The State shall provide any additional training materials or supporting documentation required for the Contractor to handle additional call types as directed by the State.
- A.61. The State shall perform monitoring activities, as determined by the State, to ensure Contractor compliance with contractual provisions. This may include desk-top reviews, site visits, or other monitoring activities, as determined by the State.
- A.62. The State shall notify the Contractor within one hour of knowledge of planned or unexpected operational outages that impact the delivery of services by the Contractor.

- A.63. The State shall work with the Contractor to develop policies and processes to handle the scanning and disposal of hard-copy documentation.
- A.64. The State shall meet with the Contractor monthly or as mutually determined by the State and the Contractor to review status, operational results, customer complaints / resolution results, quality program results, call volume forecasts and action items, including operational reports and performance metrics, as specified.

B. CONTRACT TERM:

- B.1. This Contract shall be effective for the period commencing on October 25, 2010 and ending on April 26, 2011. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
- B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than five (5) years, provided that such an extension of the contract term is effected prior to the current, contract expiration date by means of an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract, and shall be based upon payment rates provided for in the original Contract.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed one million seven hundred ninety-seven thousand one hundred twenty dollars (\$1,797,120.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
- C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.
 - a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.
 - b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment)
Call Center Incoming Calls from Claimants, including after-call work	\$ 5.76 per CALL

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in Section C.3, above, and as required below prior to any payment.

- a. The Contractor shall submit invoices no more often than monthly, with all necessary supporting documentation, to:

TN Department of Labor and Workforce Development
Fiscal Services Division
220 French Landing Drive, A-4
Nashville, TN 37243

- b. The Contractor agrees that each invoice submitted shall clearly and accurately (all calculations must be extended and totaled correctly) detail the following required information.

- (1) Invoice/Reference Number (assigned by the Contractor);
- (2) Invoice Date;
- (3) Invoice Period (period to which all invoiced charges are applicable);
- (4) Contract Number (assigned by the State to this Contract);
- (5) Account Name: Department of Labor and Workforce Development, Employment Security Division;
- (6) Account/Customer Number (uniquely assigned by the Contractor to the above-referenced Account Name);
- (7) Contractor Name;
- (8) Contractor Federal Employer Identification Number or Social Security Number (as referenced in this Contract);
- (9) Contractor Contact (name, phone, and/or fax for the individual to contact with billing questions);
- (10) Contractor Remittance Address;
- (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name /title as applicable) of each service Invoiced;
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced;
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced;
 - iv. Amount Due by Service; and
 - v. Total Amount Due for the invoice period.

- c. The Contractor understands and agrees that an invoice to the State under this Contract shall:

- (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;

- (2) not include any future work but will only be submitted for completed service; and
 - (3) not include sales tax or shipping charges.
 - d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.
 - e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the State shall agree to the Federal Employer Identification Number or Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.
- C.6. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.
- C.8. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any Contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.9. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other Contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not

be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment A, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year

after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.

- e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

- D.9. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.10. Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated, Section 12-4-401 et seq.*
- D.11. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.12. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.13. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.14. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.
- D.15. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.16. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.
- D.17. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

- D.18. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.19. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.20. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.21. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Marie Moss, Assistant Administrator
Employment Security Division
TN Department of Labor & Workforce Development
220 French Landing Drive, 4B
Nashville, TN 37243
marie.moss@tn.gov
Telephone #: (615) 253-6680

The Contractor:

Anna M Van Buren, President & CEO
Faneuil, Inc
2 Eaton Street, Suite 1002
Hampton, VA 23669
anna.vanburen@faneuil.com
Telephone #: (757) 262-9600
Fax #: (757) 722-5293

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.5. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.
- a. The Contractor shall maintain, at minimum, the following insurance coverage:
 - (1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars (\$1,000,000) per occurrence for employers' liability whichever is greater.
 - (2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.
 - b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.
- E.6. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the

Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

E.7. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. The Contract document and its attachments
- b. All Clarifications and addenda made to the Contractor's Proposal
- c. The Request for Proposal and its associated amendments
- d. Technical Specifications provided to the Contractor
- e. The Contractor's Proposal

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

E.8. Workpapers Subject to Review. The Contractor shall make all audit, accounting, or financial analysis workpapers, notes, and other documentation available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Contract.

E.9. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code.

E.10. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

E.11. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP-33710-69211 (Attachment 6.2, B.15) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Diversity Business Enterprise in form and substance as required by said office.

IN WITNESS WHEREOF,


FANEUIL, INC.:


CONTRACTOR SIGNATURE

10/8/10
DATE

ANNA M. VAN BUREN, PRESIDENT & CEO

TN DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT:


JAMES G. NEELEY, COMMISSIONER

TDLWD
RECEIVED

10/13/10
DATE

OCT 11 2010

17

FISCAL SERVICES
NASHVILLE, TN

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	Faneuil, Inc.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	04-3253864

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

Chris M Van Buren

CONTRACTOR SIGNATURE

FANEUIL, INC.

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

Anna M Van Buren, President & CEO

PRINTED NAME AND TITLE OF SIGNATORY

10/8/10

DATE OF ATTESTATION

TDLWD
RECEIVED

OCT 11 2010

FISCAL SERVICES
NASHVILLE, TN



STATE OF TENNESSEE

Acceptable Use Policy Network Access Rights and Obligations

Purpose:

To establish guidelines for State-owned hardware and software, computer network access and usage, Internet and email usage, telephony, and security and privacy for users of the State of Tennessee Wide Area Network.

Reference:

Tennessee Code Annotated, Section 4-3-5501, et seq., effective May 10, 1994.

Tennessee Code Annotated, Section 10-7-512, effective July 1, 2000.

Tennessee Code Annotated, Section 10-7-504, effective July 1, 2001.

State of Tennessee Security Policies.

Objectives:

- Ensure the protection of proprietary, personal, privileged, or otherwise sensitive data and resources that may be processed in any manner by the State, or any agent for the State.
- Provide uninterrupted network resources to users.
- Ensure proper usage of networked information, programs and facilities offered by the State of Tennessee networks.
- Maintain security of and access to networked data and resources on an authorized basis.
- Secure email from unauthorized access.
- Protect the confidentiality and integrity of files and programs from unauthorized users.
- Inform users there is no expectation of privacy in their use of State-owned hardware, software, or computer network access and usage.
- Provide Internet and email access to the users of the State of Tennessee networks.

Scope:

This Acceptable Use Policy applies to all individuals who have been provided access rights to the State of Tennessee networks, State provided email, and/or Internet via agency issued network or system User ID's. The scope does not include State phone systems, fax machines, copiers, State issued cell phones or pagers unless those services are delivered over the State's IP network.

Use and Prohibitions:

A. Data and Information Technology Resources

State employees, vendors/business partners/subrecipients, local governments, and other governmental agencies may be authorized to access state data or Information Technology (IT) network resources to perform business functions with or on behalf of the State. Users must be acting within the scope of their employment or contractual relationship with the State and must agree to abide by the terms of this agreement as evidenced by his/her signature. It is recognized that there may be incidental personal use of State IT Resources. This practice is not encouraged and employees should be aware that all usage may be monitored and that there is no right to privacy. Various transactions resulting from network usage are the property of the state and are thus subject to open records laws.

Prohibitions

- Sending or sharing with unauthorized persons any information that is confidential by law, rule or regulation.
- Installing software that has not been authorized by the Office for Information Resources of the Department of Finance and Administration.
- Attaching processing devices that have not been authorized by the Office for Information Resources of the Department of Finance and Administration.
- Using data and IT resources to play or download games, music or videos that are not in support of business functions.
- Leaving workstation unattended without engaging password protection for the keyboard or workstation.
- Utilizing unauthorized peer-to-peer networking or peer-to-peer file sharing.
- Using data and IT resources in support of unlawful activities as defined by federal, state, and local law.
- Utilizing data and IT resources for activities that violate conduct policies established by the Department of Human Resources or the Agency where the user is employed or under contract.

B. Email

Email and calendar functions are provided to expedite and improve communications among network users.

Prohibitions

- Sending unsolicited junk email or chain letters (e.g. "spam") to any users of the network.
- Sending any material that contains viruses, Trojan horses, worms, time bombs, cancel bots, or any other harmful or deleterious programs.
- Sending copyrighted materials via email that is either not within the fair use guidelines or without prior permission from the author or publisher.
- Sending or receiving communications that violate conduct policies established by the Department of Human Resources or the Agency where the user is employed or under contract.

- Sending confidential material to an unauthorized recipient, or sending confidential e-mail without the proper security standards (including encryption if necessary) being met.

Email created, sent or received in conjunction with the transaction of official business are public records in accordance with T.C.A 10-7-301 through 10-7-308, and the rules of the Public Records Commission. A public record is defined as follows:

"Public record(s)" or "state record(s)" means all documents, papers, letters, maps, books, photographs, microfilms, electronic data processing files and output, films, sound recordings or other material, regardless of physical form or characteristics made or received pursuant to law or ordinance or in connection with the transaction of official business by any governmental agency. (T.C.A. 10-7-301 (6)).

State records are open to public inspection unless they are protected by State or Federal law, rule, or regulation. Because a court could interpret state records to include draft letters, working drafts of reports, and what are intended to be casual comments, be aware that anything sent as electronic mail could be made available to the public.

C. Internet Access

Internet access is provided to network users to assist them in performing the duties and responsibilities associated with their positions.

Prohibitions

- Using the Internet to access non-State provided web email services.
- Using Instant Messaging or Internet Relay Chat (IRC).
- Using the Internet for broadcast audio for non-business use.
- Utilizing unauthorized peer-to-peer networking or peer-to-peer file sharing.
- Using the Internet when it violates any federal, state or local law.

Statement of Consequences

Noncompliance with this policy may constitute a legal risk to the State of Tennessee, an organizational risk to the State of Tennessee in terms of potential harm to employees or citizen security, or a security risk to the State of Tennessee's Network Operations and the user community, and/or a potential personal liability. The presence of unauthorized data in the State network could lead to liability on the part of the State as well as the individuals responsible for obtaining it.

Statement of Enforcement

Noncompliance with this policy may result in the following immediate actions.

1. Written notification will be sent to the Agency Head and to designated points of contact in the User Agency's Human Resources and Information Technology Resource Offices to identify the user and the nature of the noncompliance as

"cause". In the case of a vendor, subrecipient, or contractor, the contract administrator will be notified.

2. User access may be terminated immediately by the Systems Administrator, and the user may be subject to subsequent review and action as determined by the agency, department, board, or commission leadership, or contract administrator.



STATE OF TENNESSEE
Acceptable Use Policy
Network Access Rights and Obligations
User Agreement Acknowledgement

As a user of State of Tennessee data and resources, I agree to abide by the Acceptable Use Network Access Rights and Obligations Policy and the following promises and guidelines as they relate to the policy established:

1. I will protect State confidential data, facilities and systems against unauthorized disclosure and/or use.
2. I will maintain all computer access codes in the strictest of confidence; immediately change them if I suspect their secrecy has been compromised, and will report activity that is contrary to the provisions of this agreement to my supervisor or a State-authorized Security Administrator.
3. I will be accountable for all transactions performed using my computer access codes.
4. I will not disclose any confidential information other than to persons authorized to access such information as identified by my section supervisor.
5. I agree to report to the Office for Information Resources (OIR) any suspicious network activity or security breach.

Privacy Expectations

The State of Tennessee actively monitors network services and resources, including, but not limited to, real time monitoring. Users should have no expectation of privacy. These communications are considered to be State property and may be examined by management for any reason including, but not limited to, security and/or employee conduct.

I acknowledge that I must adhere to this policy as a condition for receiving access to State of Tennessee data and resources.

I understand the willful violation or disregard of any of these guidelines, statute or policies may result in my loss of access and disciplinary action, up to and including termination of my employment, termination of my business relationship with the State of Tennessee, and any other appropriate legal action, including possible prosecution under the provisions of the Computer Crimes Act as cited at TCA 39-14-601 et seq., and other applicable laws.

I have read and agree to comply with the policy set forth herein.

Type or Print Name

Last 4 digits of Social Security Number

Signature

Date

**TOLWD
RECEIVED**

OCT 11 2010

**FISCAL SERVICES
NASHVILLE, TN**

State of Tennessee

Department of Finance and Administration
Office for Information Resources



THIRD PARTY NETWORK CONNECTION AGREEMENT ATTACHMENTS VERSION 1.0

ALL INFORMATION IS REQUIRED

Attachment 1	Terms and Conditions	Third Party Network Connection Agreement
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Objective: To ensure that a secure method of connectivity is provided between the State of Tennessee and the Third Party listed within this agreement and to provide guidelines for the use of network and computing resources associated with the Network Connection(s) as defined below.

Definition: "Network Connection" means one of the State of Tennessee's connectivity options listed in Attachment 2, Section 4 of the Network Connection Requirements.

1. Network Connection Usage

- a. The Third Party may only use the Network Connection for business purposes as outlined by Attachment 3, *Third Party Connection Request - Information Requirements*. Any usage of the Network Connection not covered in this agreement is considered a breach of the agreement and may result in the immediate termination of the Network Connection.

2. The State of Tennessee-Owned Equipment/Software

- a. The State of Tennessee may, in the State of Tennessee's sole discretion, install certain equipment and/or software (assets) for use on Third Party premises to facilitate the Network Connection. The State of Tennessee-Owned Assets will only be configured according to the State of Tennessee Asset Installation Agreement, and will be used solely by the Third Party on the Third Party's premises and for the purposes set forth in this Agreement.
 - i. The Third Party may modify the configuration of the State of Tennessee-Owned Equipment and/or software only after notification and approval in writing by authorized State of Tennessee personnel.
 - ii. The Third Party will not change or delete any passwords set on State of Tennessee Owned Equipment and/or software without prior approval by authorized State of Tennessee personnel. Promptly upon any such change, Third Party shall provide the State of Tennessee with such changed password.

3. Network Security

- a. Before the Network Connection can be established the Third Party must agree to the terms specified herein.
- b. Third Party employees or individuals approved in advance by the State of Tennessee ("Authorized Third Party Employees") to access the Network Connection or any State of Tennessee-Owned Equipment. The Third Party shall be solely responsible for ensuring that Authorized Third Party employees or individuals are not security risks, and upon the State of Tennessee's request, the Third Party will provide the State of Tennessee with any information reasonably necessary for the State of Tennessee to evaluate security issues relating to any authorized Third Party employee or individual access to the Network Connection or any of the State of Tennessee's Owned Equipment
- c. The Third Party will promptly notify the State of Tennessee whenever changes are required to the connection including, but not limited to changes in use of the connection employee access privileges, employee employment status, or asset access requirements.
- d. Each party will be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (a) such party's use of the Network Connection (and Third Party usage of the State of Tennessee-Owned Equipment) is secure and is used only for authorized purposes, and (b) such party's business records and data are protected against unauthorized access, use, modification, loss or destruction.
- e. The Third Party will not connect (bridge) the State of Tennessee's network with any other network not covered under this agreement. The Network Connection covered under this agreement must be between the State of Tennessee's network and a network directly under the Third Party's control.
- f. Failure to abide by the conditions of this agreement is a failure of the Third Party to honor the agreement and/or the contract which initiated the need for the Network Connection. Such failure will result in the Third Party Network Connection being immediately disconnected from the State of Tennessee's network. Should the Third Party not be able to fulfill another contractual agreement because of failure to abide by the conditions of this agreement, all liability shall be upon the Third Party. The State of Tennessee is under no obligation to restore service until the issue is resolved and in compliance with the conditions specified herein. Any schedule or project changes resulting from the termination of the Network Connection are the responsibility of the Third Party.

4. Notifications

- a. The Third Party shall notify the State of Tennessee in writing promptly upon any identified need for a change in the user base for the work performed over the Network Connection or whenever in the Third Party's opinion a change in the connection and/or functional requirements of the Network Connection is necessary. Changes shall not be effected until approved by the State of Tennessee.

5. Payment of Costs

- a. Each party will be responsible for all costs incurred by that party under this agreement, including, without limitation, costs for phone charges, telecommunications equipment and personnel for maintaining the Network Connection.

Attachment 2	Network Connection Requirements	Third Party Network Connection Agreement
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Purpose: To ensure that a secure method of network connectivity between the State of Tennessee and all Third Parties and to provide a formalized method for the request, approval and tracking of such connections.

Scope: External Third Party data Network Connections to the State of Tennessee can create potential security exposures if not administered and managed correctly and consistently. These exposures may include non-approved methods of connection to the State of Tennessee's enterprise network, the inability to shut down access in the event of a security breach, exposure to hacking attempts, security incident resulting in interruption of service or violation of the State of Tennessee's Enterprise Security Policies. These requirements apply to all new Third Party Network Connection requests and any existing Third Party Network Connections. In the event that existing Third Party Network Connections do not meet all of the requirements outlined in this document, they will need to apply for an exception to the Enterprise Security Policies, which require a signed agreement for all Third Party connections, and may be subject to re-engineering as needed to meet the security compliance goals of the State of Tennessee. Reengineering and cost to meet security compliance shall be the responsibility of and at the expense of the Third Party.

Definitions and Clarifications: A "Network Connection" is defined as one of the connectivity options listed in Section 4 below. "Third Parties" are defined as State of Tennessee contractors, vendors, suppliers, federal, state and/or local governments, or any other end users requiring connection of a device or network not under the direct management and/or control of the State of Tennessee. "Third Parties" do not include the Tennessee State agencies. By policy, State of Tennessee agencies are required to maintain this network connectivity agreement with the State of Tennessee through the Office for Information Resources (OIR) (See ISC Policy 13).

1. Foundation Requirements:

- a. In addition to this agreement, all third parties must agree to and sign the State of Tennessee's Acceptable Use Policy.
- b. All third parties shall be knowledgeable of the State of Tennessee's Enterprise Security Policies.
- c. All third parties shall indicate, on the request form (Attachment 3), the security controls and/or policies which are in effect on Third Party devices, networks, or premises that ensure the security of the Third Party operational and computing environment.
- d. Third parties whose security controls and/or policies which do not meet the minimum requirements specified in the State of Tennessee's Enterprise Security Policies will not be authorized for connection to the State's enterprise environment without filing a Third Party Non-Compliance Security Exception with the Office for Information Resources (OIR) Security Management Team. The Network Connection will not be authorized until the Third Party receives approval for the exception in writing from the OIR Security Management Team.
- e. Third parties who require connectivity to the State of Tennessee are required to sign the State of Tennessee's Non-Disclosure Agreement.

Additional Requirements:

2. Third Party Connection Requests and Approvals

- a. All requests for Third Party connections must be made using the State of Tennessee Third Party Connectivity Process. All requests for Third Party connections must be submitted to the OIR Security Management Team in writing, no later than four weeks, prior to the Third Party's respective installation date. All approvals for Third Party connections will come from the OIR Security Management Team once all documentation requests have been satisfied.

3. Third Party Connection Request - Information Requirements (See Attachment 3 of this document). All information requested on this form must be completed prior to approval and sign off. It is the Third Party's responsibility to ensure that the Third Party has provided all of the necessary information and that such information is correct.

- a. All Third Party connection requests must have a State of Tennessee Director level signature for approval. In some cases approval may be given at a lower level with pre authorization from the appropriate the State of Tennessee IT Director. Also, all Third Parties requesting a Network Connection must complete and sign the State of Tennessee Non-Disclosure Agreement. As a part of the request and approval process, the technical and administrative contact within the Third Party's organization or someone at a higher level within the Third Party will be required to read and sign the "Third Party Connection Agreement" and any additional documents, such as the State of Tennessee Non Disclosure Agreement. Individuals are self-representative.

4. Connectivity Options

- a. The following six connectivity options are the standard methods of providing a Third Party Network Connection. Anything that deviates from these standard methods must have an exception sign-off at the State of Tennessee Director level.
 - i. Leased line (e.g. T1) - Leased lines for "Third Parties" will be terminated on the "Third Parties" network.
 - ii. Dial leased lines will terminate on a Third Party only router.
 - iii. Encrypted Tunnels/Virtual Private Networks (VPNs) - Encrypted tunnels and VPNs shall be terminated on the Third Party's Network Connection device (system/workstation) making the connection, the device shall be under the direct control of the Third Party bound in this agreement to ensure that parties external to this agreement do not have access to the unencrypted data after tunnel termination.
 - iv. Remote dial-up connections can exist as a contractual support requirement (e.g. SAN support and maintenance). The connection will be authenticated per Section 8 below.

5. Third Party Access Points

- a. Wherever possible, Third Party access points should be established in locations such that the cost of the access is minimized. Each Third Party access point should consist of at least one router with leased line capability.

6. Services Provided

- a. The State of Tennessee's Enterprise Security Policies require compliance with the concept of least privilege. Services provided over Third Party Network Connections shall be limited only to those services needed, and only to those devices (hosts, routers, etc.) needed to perform the functions specified in the information requirements section of this document.

7. Uncontrolled/Unfiltered access will not be provided for anyone.

- a. The State of Tennessee's Enterprise Security Policies require compliance with the concept of least privilege. The default policy position is to deny all access and then only allow those specific services that are needed and approved by the State of Tennessee pursuant to the established procedure. The standard set of allowable services are listed below:

i. File Exchange via ftp

1. Where possible, file exchange via ftp should take place on the existing the State of Tennessee ftp servers. Anonymous ftp accounts are not allowed.

ii. System Shell Access

1. System shell access (command line) will be provided to specific State of Tennessee hosts, as needed. Employees from Third Parties will only be given accounts on the specific the State of Tennessee hosts that are needed. Where possible, router ACLs and static routes will be used to limit the paths of access to other internal the State of Tennessee hosts and devices.

iii. Web Resource Access

1. Access to the State of Tennessee's public web resources will be accomplished via the normal Internet access for the Third Party.

iv. Access to Source Code Repositories

1. This will be decided on case by case basis.

v. SQL Net Access

1. This will be decided on a case by case basis.

vi. ERP Access

1. This will be decided on a case by case basis.

vii. File and Print Services

1. File and print services will be decided on a case by case basis. Each Third Party needing NT File exchange will be provided with a separate folder that is only accessible to the Third Party within this agreement and the necessary entities at the State of Tennessee.

8. Authentication for Third Party Network Connections

- a. This will be decided on a case by case basis.

9. State of Tennessee Assets at Third Party Sites

- a. In many cases it may be necessary to have the State of Tennessee-owned and maintained Assets at a Third Party site. Any such asset will be documented on the Third Party Connection Request Information Requirements attachment. Access to network devices such as routers and switches will only be provided to the State of Tennessee support personnel. All the State of Tennessee-Owned Assets located at Third Party sites must be used only for the purposes stated herein. Any misuse of access or tampering with State of Tennessee-provided hardware or software, except as authorized in writing by the State of Tennessee, may, in the State of Tennessee's sole discretion, result in termination of the Network Connection Agreement with the Third Party. If the State of Tennessee Asset is installed for the fulfillment of the Network Connection, the Third Party will be required to sign the State of Tennessee Asset Installation Agreement.

10. Protection of Company Private Information and Resources

- a. The State of Tennessee's Data Networking and Telecommunications support group must ensure that all possible measures have been taken to protect the integrity and privacy of the State of Tennessee's confidential information when connecting to third parties. At no time will the State of Tennessee rely on access/authorization control mechanisms from Third Party's site to protect or prohibit access to the State of Tennessee confidential information. Security of Third Party Connections must comply with the State of Tennessee's Enterprise Security Policies. The State of Tennessee shall not have any responsibility for ensuring the protection of Third Party information. The Third Party shall be entirely responsible for providing the appropriate security measures to ensure protection of their private internal network and information.

11. Audit and Review of Third Party Network Connections

All aspects of Third Party Network Connections - up to, but not including Third Party firewall, will be monitored by the State of Tennessee's network security group. Where possible automated tools shall be used to accomplish the auditing tasks. The Third Party must maintain and be able to provide, at the State of Tennessee's request, audit logs for any access the Network Connection provides to the State of Tennessee's network beyond the monitoring capability of the State of Tennessee. At a minimum, the Third Party audit logs shall indicate a uniquely identifiable user, date, time stamp, and what the associated user was accessing. All Third Party Network Connections will be reviewed at the discretion of the State of Tennessee and information regarding specific Third Party Network Connections will be updated as necessary. Obsolete Third Party Network Connections will be terminated.

Attachment 3	Third Party Connection Request Information Requirements	Third Party Connection Agreement
--------------	---	----------------------------------

In accordance with the Network Connection requirements, all requests for Third Party Network Connections must be accompanied by this completed information requirements document. This document should be completed by the Third Party or its designated custodian bound in this agreement requesting the Network Connection.

Requestor Information

Name:	
Department Number:	
Manager's Name:	
Director's Name:	
Phone Number:	
Email Address:	

Technical Contact Information

Name:	
Department Number:	
Manager's Name:	
Director's Name:	
Phone Number:	
Email Address:	

Backup Point of Contact

Name:	
Department Number:	
Manager's Name:	
Director's Name:	
Phone Number:	
Email Address:	

Problem Statement/Purpose of Connection
--

What is the desired end result? The Third Party must include a statement about the business needs of the proposed connection.

Scope of Needs (In some cases, the scope of needs may be jointly determined by the State of Tennessee and the Third Party.)

What services are needed? (See Section D. of Network Connection Policy)

What are the privacy requirements (i.e. do you need encryption)?

What are the bandwidth needs?

Are there any future requirements?

Third Party Information

Third Party Name:	
Management contact Name:	
Department:	
Manager's Name:	
Director's Name:	
Phone Number:	
Pager Number:	
Email Address:	
Location (address) of termination point of the Network Connection (including building number, floor and room number)	
Main phone number	
Local Technical Support Hours (7X24, etc).	
Escalation List	

Host/domain names of the Third Party

Please list the names, e-mail addresses and phone numbers of all employees of the Third Party who will use this access. If not appropriate to list the names of all employees, then provide a count of the number of employees who will be using the connection.

What type of work will be done over the Network Connection?

What applications will be used?

What type of data transfers will be done?

How many files are involved, are there any file size requirements, or aggregate data transfer size requirements?

What are the estimated hours of use each week?

What are the peak hours?

Are there any known issues such as special services that are required?

Are there any unknown issues at this point, such as what internal State of Tennessee services are needed?

Is a backup connection needed? (e.g., are there any critical business needs associated with this connection?)

What is the requested installation date? (Minimum lead-time is 60 days)

What is the duration of the Third Party Network Connection?

Has a Non-Disclosure Agreement been sign with the Third Party or the appropriate employees of the Third Party?

Has the State of Tennessee's Acceptable Use Policy been signed with the Third Party or the appropriate

custodian/delegate of the Third Party?

Are there any exiting Network Connections with the State of Tennessee with this company?

Please summarize all of the information security policies and/or Information security controls which contributes to ensure the information security posture of the Third Party operational environment?

Are there any additional information security considerations?

Other useful information

Attachment 4	Non-Disclosure Agreement	Third Party Connection Agreement
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Confidentiality Agreement

THIS AGREEMENT ("Agreement") is made as of _____, 2007, between _____, ("Contractor") a _____ corporation, with offices located at _____ and the State of Tennessee, Department of Finance and Administration, Office of Information Resources ("State").

WHEREAS, the State, during the contractual relationship with Contractor, may disclose "Confidential Information" as defined in Paragraph one (1) below. The State requires that the Contractor does not disclose such Confidential Information to the public or make it common knowledge;

NOW, THEREFORE, in consideration for the release of "Confidential Information" by the State to the Contractor, Contractor hereby agrees as follows:

1. CONFIDENTIAL INFORMATION. For purposes of this Agreement, the term "Confidential Information" shall mean the following:

- (a) Any information, know-how, data, procedure, technique, program, design, drawing, formula, test, work in process, engineering, manufacturing, marketing, financial or personnel matter, or sales, supplier, customer lists or addresses, lists of names of employees, computer passwords, information system security measures in place or vulnerabilities of either party, investor or business information, or the like, whether in oral, written, graphic, magnetic, electronic, or other form, that is learned or disclosed in the course of discussions, studies, or other work undertaken between the parties; or
- (b) Any communication, whether in oral, written, graphic, magnetic, electronic or other form, that is either conspicuously marked "confidential" or "proprietary", is known or reasonably should be known by the other party to be confidential or proprietary, or is of a confidential or proprietary nature, and that is made in the course of discussions, studies, or other work undertaken between the parties.

Anything herein contrary to the above notwithstanding, "Confidential Information" shall not include "Non-Protected Information" as defined in paragraph 5 below.

2. JOINT UNDERTAKING. Contractor and it's employees and agents agree that during the period of the present business relationship and any future business relationship for a period of three (3) years after the termination of such business relationship, or until the date on which such Confidential Information becomes Non-Protected Information, will not at any time disclose to any person who is not an authorized employee or agent of Contractor, any Confidential Information of the State, without the prior express written consent of a authorized State personnel.

3. THIRD PARTIES. Prior to disclosure on any Confidential Information to third parties or consultants, the recipient will obtain from said consultants a written agreement (1) to hold all Confidential Information in confidence and not to use it for any purpose except as it relates to discussions or any subsequent business relationship between the parties; and (2) to return all Confidential Information to the party from whom said Confidential Information was received immediately after consultant has completed its work.

4. RETURN OF CONFIDENTIAL INFORMATION. Upon completion and/or termination of this Contract, Contractor agrees to return or cause to be returned to the State within ten (10) days any and all information and/or documents in any form, which is in Contractor's possession or control and/or control of any parties who may have been afforded access to any of the State's Confidential Information.

5. NON-PROTECTED INFORMATION. For purpose of this Agreement, Non-Protected Information shall mean the following:

- (a) Confidential Information that, at the time it is disclosed, is already in the recipient's rightful possession or available to it or its employees from any other source having no obligation not to disclose it.
- (b) Confidential Information that is, or at any time hereafter becomes, available to the public.
- (c) Confidential Information that, after it is disclosed, is at any time obtained by the recipient from any other person, firm or company having no obligation not to disclose it.

Non-Protected Information does not include information that is confidential under Federal or State law and has been illegally or fraudulently obtained from one party and disclosed to the public.

6. NO CONVEYANCE OR LICENSE. Nothing in this Agreement shall be construed to convey to Contractor any right, title or interest or copyright in any Confidential Information, or any license to use, sell, exploit, copy or further develop any such Confidential Information. This Agreement does not in any way bind the parties to enter into a business relationship of any nature.

7. BREACH. The State will have all available remedies in law and equity available in case of a material breach of this Agreement by Contractor. The Contractor shall be liable to the State for any and all damages incurred by the State.

8. GOVERNING LAW. This Agreement shall be construed for all purposes in accordance with the laws of the State of Tennessee.

9. SEVERABILITY. If any provision of this Agreement is declared void or unenforceable, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect but only to the extent that the original intent of this Agreement would not be altered in any material respect.

10. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties with respect to the subject matters addressed herein. This Agreement may not be amended or modified except by a writing signed by State.

11. **MANDATORY DISCLOSURE.** Contractor shall not be liable for disclosure of Confidential Information if made in response to a valid order of a court or authorized agency of government; provided that ten (10) days prior notice be given to State so that a protective order or other relief, if appropriate, may be sought.

12. **ASSIGNEES AND SUCCESSORS.** This Agreement shall be binding upon the parties hereto and their respective assignees and successors.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first set forth above.

CONTRACTOR:
Faneuil, Inc.

STATE OF TENNESSEE,
Office of Information Resources

By: Anna M Van Buren

By: _____

Printed
Name: Anna M Van Buren

Printed
Name: _____

Title: President, CEO

Title: _____

Date: 10/8/10

Date: _____

**TDLWD
RECEIVED**

OCT 11 2010

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**FISCAL SERVICES
NASHVILLE, TN**

ATTACHMENT D

**Department of Labor and Workforce Development
Confidentiality Agreement**

I understand and agree to the following:

1. All caller information, both formal and informal, shall be treated as confidential and shall not be shared in any medium with anyone other than designated individuals at the TN Department of Labor and Workforce Development.
2. Any confidential information shall be destroyed in such a way that it cannot be retrieved or reconstructed to identify any personal identifiers such as names, social security numbers, employer names, etc.
3. Any confidential unemployment information received under this contract will not be stored on any portable storage media or peripheral devices (e.g. laptops, thumb drives, hard drives, etc.) capable of storing the information.
4. Any known or suspected breach of security related to confidential information shall be reported to the appropriate supervisor.
5. Any confidential information sent by electronic mail (email), will be encrypted, including but not limited to email exchanged with the State.
6. Any confidential information will not be removed from the worksite in any form other than for work-related reasons.
7. This agreement extends beyond the employment relationship of contractor staff with Faneuil, Inc..

_____ Printed Name
_____ Signature
_____ Supervisor